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Comptroller General
of the United States

April 6, 2020

Accessible Version

The Honorable David Bernhardt
Secretary
Department of the Interior
1849 C Street, N.W.
Washington, DC 20240

Priority Open Recommendations: Department of the Interior

Dear Mr. Secretary:

The purpose of this letter is to provide an update on the overall status of the Department of the Interior's (Interior) implementation of GAO's recommendations and to call your personal attention to areas where open recommendations should be given high priority.¹ In November 2019, we reported that on a government-wide basis, 77 percent of our recommendations made 4 years ago were implemented.² Interior's recommendation implementation rate was 84 percent. As of March 2020, Interior had 141 open recommendations. Fully implementing all open recommendations could significantly improve Interior's operations.

Since our April 2019 letter, Interior has implemented one of our seven open priority recommendations. In doing so, Interior's Bureau of Indian Education (BIE) completed safety inspections of all BIE schools and its inspection information was complete and accurate.

Interior has six priority recommendations remaining from those we identified in the 2019 letter. We ask for your continued attention to these remaining priority recommendations. We are also adding four new recommendations related to improving oversight of offshore oil and gas activities and improving cybersecurity, bringing the total number of priority recommendations to 10. (See enclosure for the list of recommendations).

The 10 priority recommendations fall into the following five areas.

Improve Oversight of Offshore Oil and Gas Activities. As discussed below, management of federal oil and gas resources is one of the highest risks facing the government. Offshore oil and gas production, while an important energy source, poses risks to the environment and human safety. We have four priority recommendations to improve oversight in this area.

In July 2012, we recommended that Interior take a risk-based approach when identifying and evaluating offshore oil and gas drilling operations. A risk-based approach would allow Interior to adjust and evaluate its oversight by, among other things, developing clear criteria to prospectively evaluate and categorize drilling operations according to risk. Interior has taken

¹Priority recommendations are those that GAO believes warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operation, for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high-risk or duplication issue.

²GAO, *Performance and Accountability Report: Fiscal Year 2019*, [GAO-20-1SP](#) (Washington, D.C.: Nov. 19, 2019).

some steps to identify and evaluate drilling risks, and its work is ongoing. In December 2019, Interior officials stated that one region was developing an approach to apply a secondary review of drilling permits that have been deemed high risk. To fully implement this recommendation, Interior should continue its efforts to develop risk-based protocols for drilling operations and demonstrate their effectiveness.

In March 2017, we recommended that Interior establish a mechanism for Bureau of Safety and Environmental Enforcement (BSEE) management to obtain and incorporate input from bureau personnel and any external parties that can affect the bureau's ability to achieve its objectives. Failure to adequately incorporate such input has previously hindered bureau strategic initiatives to improve its safety and environmental oversight capabilities. While Interior provided documentation of BSEE actions—including establishing an Employment Engagement Council, an Innovation Program, and an Ombudsman position—to fully implement this recommendation, BSEE needs to demonstrate that these actions represent an enduring institutionalization of improved communication throughout the bureau.

In September 2019, we made two recommendations to address the Bureau of Ocean Energy Management (BOEM) lease valuations. Specifically, we recommended that BOEM enlist an independent third party to examine the extent to which the bureau's use of delayed valuations assures the receipt of fair market value, and make changes as appropriate. To fully implement this recommendation, BOEM should enlist a third party to examine the tradeoffs and benefits of BOEM's continued use of delayed valuations. In addition, we recommended that BOEM take steps to ensure that the bid valuation process is not biased toward adjusting valuations downward. To fully implement this recommendation, BOEM should evaluate its valuations and remediate any identified deficiencies to ensure its process is working as intended.

Take Action to Ensure Safety and Health at BIE School Facilities. Our March 2016 report contains one open priority recommendation that, if implemented, would improve safety and health conditions at BIE school facilities across the country. We recommended that Interior develop a plan to build schools' capacity to promptly address safety and health problems with facilities. In 2018, the agency updated its agreement between the Bureau of Indian Affairs (BIA) and BIE, detailing the roles and responsibilities of each for inspecting and providing technical assistance to BIE schools. However, BIA documentation provided little information on how it planned to support school personnel in fixing safety hazards in their facilities. As of February 2020, agency officials said that they had not taken further action and no office or official was currently responsible for implementing the recommendation. This issue still needs to be addressed. To fully implement this recommendation, Interior needs to develop a plan that addresses key challenges schools face in addressing safety hazards.

Improve BIA's Management of Energy Development on Indian Lands. The development of Indian energy resources has the potential to provide significant benefits to Indian tribes and their members by providing tribes with economic development opportunities and increasing access to reliable energy. BIA review and approval is generally required during the development process for documents such as easements, rights-of-way agreements, and valuations, yet the length of review and response times has hindered development opportunities. We have two priority recommendations in this area.

First, in our June 2015 report, we recommended that Interior develop a documented process to track its review and response times for energy-related documents. To fully implement this recommendation, BIA needs to develop procedures to gather information on agency response

times for monitoring and assessments. BIA has developed system enhancements to record the submittal date of energy-related documents.

Second, in our November 2016 report, we recommended that BIA include other regulatory agencies in Interior's Indian Energy Service Center so that the Service Center can act as a single point of contact or lead agency to coordinate and navigate the regulatory process to help tribes develop Indian energy resources. BIA established formal agreements with Interior's Fish and Wildlife Service, the Environmental Protection Agency (EPA), and the U.S. Army Corps of Engineers (Corps). The agreements include commitments to share knowledge and information and to meet as needed, but do not integrate these agencies into the Service Center. The Service Center is leading meetings at the regional level with Interior agencies to identify and resolve issues occurring in the development process. These meetings can include other agencies such as EPA and the Corps. To fully implement this recommendation, BIA needs to include these key regulatory agencies in Service Center activities and find ways to help coordinate the regulatory process.

Reduce Factors That Hinder Tribal Administration of Federal Programs. Various factors can affect tribes' use of self-determination contracts and self-governance compacts to transfer the administration of federal programs to the tribe. Our January 2019 report recommended that BIA develop a process so that all regional and agency offices consistently provide tribes with documentation on calculations and methodologies to identify resources available to administer a program using a self-determination contract. As of January 2020, no action had been taken to address this recommendation. To fully implement this recommendation, BIA needs to develop updated procedures to respond to tribal inquiries regarding available resources.

Improve Cybersecurity. Given the increasing number and sophistication of cyber threats facing federal agencies, it is critical that agencies be well positioned to make consistent, informed, risk-based decisions in protecting their systems and information against these threats. The inconsistent establishment of cybersecurity risk management practices can be partially attributed to challenges agencies identify in establishing and implementing their cybersecurity risk management programs. In July 2019, we reported that Interior has not fully established an enterprise risk management governance structure or approach to coordinate with cybersecurity risk management. We recommended that Interior develop a cybersecurity risk management strategy and establish and document a process for coordination between cybersecurity risk management and enterprise risk management functions. To fully implement these recommendations, Interior needs to develop a cybersecurity risk management strategy and process for bi-directional communication and status reporting between cybersecurity and enterprise risk management teams.

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As you know, in March 2019, we issued our biennial update to our [High Risk List](#), which identifies government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges.³ Our High Risk List has served to identify and help resolve serious weaknesses in areas that involve substantial resources and provide critical services to the public.

³GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019).

Two of our high-risk areas—[management of federal oil and gas resources](#), and [improving federal management of programs that serve tribes and their members](#)—center directly on Interior. Several other government-wide high-risk areas—(1) [strategic human capital management](#), (2) [managing federal real property](#), (3) [addressing the U.S. government's environmental liability](#), and (4) [ensuring the cybersecurity of the nation](#)—also have direct implications for Interior and its operations.⁴ We urge your attention to the Interior and government-wide high-risk issues as they relate to Interior. Progress on high-risk issues has been possible through the concerted actions and efforts of Congress, OMB, and the leadership and staff in agencies, including within Interior.

Copies of this report have been sent to the Director of the Office of Management and Budget and appropriate congressional committees, including the Committees on Appropriations, Budget, and Homeland Security and Governmental Affairs, United States Senate; and the Committees on Appropriations, Budget, and Oversight and Reform, House of Representatives. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

I appreciate Interior's continued commitment to these important issues. If you have any questions or would like to discuss any of the issues outlined in this letter, please do not hesitate to contact me or Mark Gaffigan, Managing Director, Natural Resources and Environment, at gaffiganm@gao.gov or (202) 512-3841. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Our teams will continue to coordinate with your staff on all of the 141 open recommendations, as well as those additional recommendations in the high risk areas for which Interior has a leading role. Thank you for your attention to these matters.

Sincerely yours,



Gene L. Dodaro
Comptroller General
of the United States

Enclosure - 1

cc: Casey Hammond, Acting Assistant Secretary, Office of Land and Minerals Management
Tara Katuk Mac Lean Sweeney, Assistant Secretary, Office of Indian Affairs
Scott A. Angelle, Director, Bureau of Safety and Environmental Enforcement
Tony L. Dearman, Director, Bureau of Indian Education
Darryl LaCounte, Director, Bureau of Indian Affairs
Walter D. Cruickshank, Acting Director, Bureau of Ocean Energy Management

⁴[GAO-19-157SP](#). See pages 75-77 for Strategic Human Capital Management, pages 78-85 for Managing Federal Real Property, pages 138-142 for U.S. Government's Environmental Liability, and pages 178-184 for Ensuring the Cybersecurity of the Nation.

Enclosure

Priority Open Recommendations to the Department of the Interior

Recommendations and actions needed described in this letter reflect our recommendation follow-up efforts conducted between December 2019 and February 2020. The Good Accounting Obligation in Government (GAO-IG) Act requires agencies to submit reports on outstanding recommendations in the annual budget justification submitted to Congress. Interior released its fiscal year 2021 budget justification in February 2020; however, as of March 25, 2020, Interior's GAO-IG Act report was being reviewed by the Office of Management and Budget and had not been issued.

Improve Oversight of Offshore Oil and Gas Activities

Oil and Gas Management: Interior's Reorganization Complete, but Challenges Remain in Implementing New Requirements, [GAO-12-423](#). Washington, D.C.: July 30, 2012.

Recommendation: To improve Interior's oversight of offshore oil and gas activities in the Gulf of Mexico, the Secretary of the Interior should enhance Interior's capacity for identifying and evaluating offshore oil and gas drilling operations according to risk, thereby allowing it to adjust and evaluate its oversight accordingly by (1) identifying and systematically collecting and maintaining reliable data on risk factors associated with drilling operations, (2) providing operators with clear definitions for significant events in the weekly well activity reports and developing a way to characterize and record these events systematically and reliably, and (3) using the risk factors and significant events data to develop a risk-based approach with clear criteria to prospectively evaluate and categorize drilling operations according to risk and retrospectively to evaluate the performance of oversight and risk mitigation activities in avoiding significant events.

Action Needed: Interior agreed with this recommendation. To fully implement this recommendation, Interior should complete work on this issue, including developing a risk-based approach with clear criteria to prospectively evaluate and categorize drilling operations according to risk and demonstrate its effectiveness.

High-Risk Area: [Management of federal oil and gas resources](#)

Director: Frank Rusco

Contact information: ruscof@gao.gov, (202) 512-3841

Oil and Gas Management: Stronger Leadership Commitment Needed at Interior to Improve Offshore Oversight and Internal Management, [GAO-17-293](#). Washington, D.C.: March 21, 2017.

Recommendation: The Secretary of the Interior should direct the Assistant Secretary for Land and Minerals Management to establish a mechanism for BSEE management to obtain and incorporate input from bureau personnel and any external parties that can affect the bureau's ability to achieve its oversight objectives.

Actions Needed: Interior neither agreed nor disagreed with this recommendation. Interior provided documentation of BSEE actions—including establishing an Employment Engagement Council, an Innovation Program, and an Ombudsman position. In February 2020, BSEE officials indicated that these efforts remained ongoing. To fully implement this recommendation, BSEE needs to demonstrate that these actions represent institutionalization of improved communication throughout the bureau.

High-Risk Area: [Management of federal oil and gas resources](#)

Director: Frank Rusco

Contact information: ruscof@gao.gov, (202) 512-3841

Offshore Oil and Gas: Opportunities Exist to Better Ensure a Fair Return on Federal Resources, [GAO-19-531](#). Washington, D.C.: September 25, 2019.

Recommendation: The BOEM director should enlist an independent third party to examine the extent to which the bureau's use of delayed valuations assures the receipt of fair market value, and make changes—such as terminating the use of delayed valuations or amending its model's assumptions—as appropriate.

Actions Needed: Interior stated that it did not agree with our characterization of BOEM's delayed valuations; however, BOEM agreed to take some actions to examine its valuation process. To fully implement this recommendation, BOEM should enlist a third party to examine the tradeoffs and benefits of BOEM's continued use of delayed valuations.

High-Risk Area: [Management of federal oil and gas resources](#)

Director: Frank Rusco

Contact information: ruscof@gao.gov, (202) 512-3841

Offshore Oil and Gas: Opportunities Exist to Better Ensure a Fair Return on Federal Resources, [GAO-19-531](#). Washington, D.C.: September 25, 2019.

Recommendation: The BOEM director should take steps to ensure that BOEM's bid valuation process is not biased toward adjusting valuations downward based on their proximity to bids.

Actions Needed: Interior stated that it agreed with our recommendation, but did not agree with our characterization of BOEM's delayed valuations. To fully implement this recommendation, BOEM should evaluate its valuations and remediate any identified deficiencies to ensure its process is working as intended.

High-Risk Area: [Management of federal oil and gas resources](#)

Director: Frank Rusco

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Take Action to Ensure Safety and Health at BIE School Facilities

Indian Affairs: Key Actions Needed to Ensure Safety and Health at Indian School Facilities, [GAO-16-313](#). Washington, D.C.: March 10, 2016.

Recommendation: To ensure that all BIE schools are positioned to address safety and health problems with their facilities and provide student environments that are free from hazards, the Secretary of the Interior should direct the Assistant Secretary-Indian Affairs to develop a plan to build schools' capacity to promptly address safety and health problems with facilities. Such a plan could prioritize assistance to schools to improve the expertise of facility staff to maintain and repair school buildings.

Action Needed: Interior agreed with this recommendation but the documentation BIA has provided does not indicate that it has developed a plan that addresses key challenges schools face in addressing safety problems, such as a lack of technical expertise to address safety hazards in school buildings.

High-Risk Area: [Improving the federal management of programs that serve tribes and their members](#)

Director: Melissa Emrey-Arras

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Improve BIA's Management of Energy Development on Indian Lands

Indian Energy Development: Poor Management by BIA Has Hindered Energy Development on Indian Lands, [GAO-15-502](#). Washington, D.C.: June 8, 2015.

Recommendation: To improve the efficiency and transparency of its review process, the Secretary of the Interior should direct the Director of the Bureau of Indian Affairs or the Director of the Office of the Indian Energy and Economic Development, as appropriate, to develop a documented process to track its review and response times.

Action Needed: Interior agreed with this recommendation and stated that it has developed system enhancements to record the submittal date of energy-related documents. To fully implement this recommendation, BIA needs to develop procedures to gather information on agency response times for monitoring and assessment.

High-Risk Area: [Improving the federal management of programs that serve tribes and their members](#)

Director: Frank Rusco

Contact information: ruscof@gao.gov, (202) 512-3841

Indian Energy Development: Additional Actions by Federal Agencies Are Needed to Overcome Factors Hindering Development, [GAO-17-43](#). Washington, D.C.: November 10, 2016.

Recommendation: The Secretary of the Interior should direct the Director of the Bureau of Indian Affairs to include other regulatory agencies in the Service Center, such as the Fish and Wildlife Service, the Environmental Protection Agency, and the Army Corps of Engineers, so that the Service Center can act as a single point of contact or a lead agency to coordinate and navigate the regulatory process.

Action Needed: Interior agreed with this recommendation and entered into formal agreements to share knowledge and information and meet quarterly with the three regulatory agencies. The Service Center is leading meetings that can include these agencies to identify and resolve issues occurring in the development process. To fully implement our recommendation, however, BIA needs to include these key regulatory agencies in Service Center activities and find ways to help coordinate the regulatory process.

High-Risk Area: [Improving the federal management of programs that serve tribes and their members](#)

Director: Frank Rusco

Contact information: ruscof@gao.gov, (202) 512-3841

Reduce Factors That Hinder Tribal Administration of Federal Programs

Indian Programs: Interior Should Address Factors Hindering Tribal Administration of Federal Programs, [GAO-19-87](#). Washington, D.C.: January 3, 2019.

Recommendation: The Assistant Secretary of Indian Affairs should develop a process so that all regional and agency offices consistently provide tribes with documentation on calculations and methodologies to identify resources available to administer a program using a self-determination contract.

Action Needed: Interior agreed with this recommendation and stated that it would develop updated procedures on the response to tribal inquiries for resources available for self-determination contracts. As of January 2020, however, BIA had not taken action to address this recommendation. To fully implement this recommendation, BIA needs to develop updated procedures to respond to tribal inquiries regarding available resources.

High-Risk Area: [Improving the federal management of programs that serve tribes and their members](#)

Director: Frank Rusco

Contact information: ruscof@gao.gov, (202) 512-3841

Improve Interior's Cybersecurity

Cybersecurity: Agencies Need to Fully Establish Risk Management Programs and Address Challenges, [GAO-19-384](#). Washington, D.C.: July 25, 2019.

Recommendation: The Secretary of the Interior should develop a cybersecurity risk management strategy that includes the key elements identified in this report.

Action Needed: Interior concurred with this recommendation and in January 2020 stated that it planned to develop a cybersecurity risk management strategy by July 31, 2020. To fully implement this recommendation, Interior needs to develop a cybersecurity risk management strategy.

High-Risk Area: [Ensuring the cybersecurity of the nation](#)

Director: Nick Marinos

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Cybersecurity: Agencies Need to Fully Establish Risk Management Programs and Address Challenges, [GAO-19-384](#). Washington, D.C.: July 25, 2019.

Recommendation: The Secretary of the Interior should establish and document a process for coordination between cybersecurity risk management and enterprise risk management functions.

Action Needed: Interior concurred with this recommendation and in January 2020 stated that its cybersecurity and enterprise risk management teams would establish a process for bi-directional communication and status reporting by July 31, 2020. To fully implement this recommendation, Interior needs to develop a process for bi-directional communication and status reporting between cybersecurity and enterprise risk management teams.

High-Risk Area: [Ensuring the cybersecurity of the nation](#)

Director: Nick Marinos

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